

**WATER/ABJ/MAX: jlj**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Branch**

**RESOLUTION NO. W-4376  
March 13, 2003**

**RESOLUTION**

**(RES. W-4376), DEL ORO WATER COMPANY (DOWC) -  
COUNTRY ESTATES DISTRICT (CE), FERNDALE  
DISTRICT (FD), JOHNSON PARK DISTRICT (JP), MAGALIA  
DISTRICT (MD), PARADISE PINES DISTRICT (PP). ORDER  
AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER AN  
INCREASE IN WATER TESTING COSTS PRODUCING A TOTAL  
INCREASE IN ANNUAL REVENUE FOR DOWC OF \$8,544 OR 0.39%.**

**SUMMARY**

By Advice Letter No. 113, filed November 27, 2002, DOWC seeks to add a one-time surcharge to tariff schedules in six of its districts as follows: Schedule Nos. CE-1A, Annual General Metered Service; FD-1A, Annual General Metered Service; JP-1A, Annual General Metered Service; LS-1A General metered Service; MD-1A, General Metered Service; and PP-1A, Annual General Metered Service, resulting in a total increase in annual revenue of \$12,636 or 0.57%. The increases requested for each individual district are as follows: Country Estates District - \$1,290 or 2.06%; Ferndale District - \$1,745 or 0.44%; Johnson Park - \$265 or 0.30%; Lime Saddle District - \$4,092 or 1.67%; Magalia District - \$1,526 or 1.08%; and Paradise Pines District - \$3,718 or 0.29%. The increase requested in each district is to recover water testing costs incurred from July 1, 2001 through June 30, 2002 over and above the amount allowed in the district's last general rate case. This resolution authorizes the increases requested in Schedule Nos. CE-1A, FD-1A, JP-1A, MD-1A, and PP-1A for a total increase of \$8,544 or 0.39% and rejects Schedule LS-1A. The increases authorized will not result in a rate of return greater than what was last authorized for each individual district.

**BACKGROUND**

DOWC is a Class B water utility providing service to 6,534 customers in six districts in various areas of the State as follows: CE – 89 customers in a subdivision within the City of Bakersfield; FD – 733 customers in the City of Ferndale; JP – 318 customers in the unincorporated area of Johnson Park; LS – 447 customers at the southern boundary of the Town of Paradise and the entire former Lime Saddle Community Services District in Butte County; MD – 371 customers in an area north of the Town of Paradise in Butte

County; and PP – 4,576 customers in an area 6 miles north of the Town of Paradise. DOWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover a total of \$12,636 for six of its districts for water testing costs incurred over the period July 1, 2001 through June 30, 2002, via a one-time surcharge. The surcharges requested and the water testing costs to be recovered for each district are as follows: CE - \$14.49 collected over two billing cycles at \$7.24 and \$7.25 respectively to recover \$1,290; FD - \$2.38 collected in one billing cycle to recover \$1,745; JP - \$0.83 collected in one billing to recover \$265; LS - \$9.15 collected over two billing cycles at \$4.57 and \$4.58 respectively to recover \$4,092; MD- \$4.11 collected in one billing cycle to recover \$1,526; and PP - \$0.81 collected in one billing cycle to recover \$3,718.

The last general rate increases (GRC) authorized for each district are as follows:

	<u>Authorized</u>	<u>Resolution No.</u>	<u>Date</u>	<u>Return</u>
County Estates District	\$29,788 or 82.9%	W-4301	10/25/01	13.00 %
Ferndale District	\$ 1,095 or 0.28%	W-4360	11/21/02	9.85%
Johnson Park	\$20,799 or 26.17%	W-4330	4/22/02	9.12%
Lime Saddle District	\$25,387 or 12.28%	W-4302	10/25/01	9.97%
Magalia District	\$ 3,614 or 4.48%	W-4048	6/25/97	20.00%*
Paradise Pines District	\$121,745 or 10.51%	W-4333	6/6/02	9.97%

\* - operating ratio

## **DISCUSSION**

Res. W-4013, dated December 20, 1996, renewed by Res. No.W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs not presently included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A. WQMA recovery requires a resolution.

The surcharges requested herein would allow DOWC to recover WQMA balances for the period July 1, 2001 thru June 30, 2002 in each of the six districts for a total of \$12,636 or 0.57%. The Water Division conducted earnings tests on an actual basis for recorded year 2001 for each district. All but the Lime Saddle District were found to be earning less than their respective authorized rates of return or operating ratios. The Lime Saddle District earned in excess of its last authorized rate of return on an actual basis in 2001, therefore, it does not qualify for the surcharge increase. In view of this, the Water

Division recommends that DOWC be authorized to assess a one-time surcharge per customer for five of the six districts as follows: CE - \$14.49 collected over two billing cycles at \$7.24 and \$7.25, respectively; FD - \$2.38 collected in one billing cycle; JP - \$0.83 collected in one billing; MD- \$4.11 collected in one billing cycle; and PP - \$0.81 collected in one billing cycle. Service is satisfactory. DOWC is in compliance with all Commission orders.

### **NOTICE AND PROTESTS**

Notice of proposed rate increase was mailed to all customers of record on the following:

Country Estates District	November 29, 2002
Ferndale District	November 28, 2002
Johnson Park District	December 4, 2002
Lime Saddle District	November 30, 2002
Magalia District	November 30, 2002
Paradise Pines District	November 30, 2002

There were no protests concerning the proposed increase.

### **FINDINGS**

1. Res. W-4013, dated December 20, 1996, renewed by Res. No.W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs not presently included in rates.
2. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A.
3. WQMA recovery requires a resolution.
4. The surcharges requested herein would allow DOWC to recover WQMA balances for the period July 1, 2001 thru June 30, 2002 in each of the six districts for a total of \$12,636 or 0.57%.
5. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

### **THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company, Inc. is authorized, five days after the effective date herein, to make effective revised Schedule Nos. CE-1A, Annual General Metered Service; FD-1A, Annual General Metered Service; JP-1A, Annual General Metered Service;

MD-1A, General Metered Service; and PP-1A, Annual General Metered Service attached to Advice Letter #113, and to cancel the corresponding presently effective rate schedules. Schedule LS-1A, General Metered Service attached to Advice Letter #113 is rejected.

2. Del Oro Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on March 13, 2003; the following commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director

MICHAEL R. PEEVEY  
President  
CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners